

(DRAFT LEGAL OPINION - RETYPE ON LOCAL COUNSEL'S LETTERHEAD)

Date

Dear Sir:

As counsel to _____ (the borrower) in connection with the delivery of its Promissory Note (the Note) in the principal amount of _____, dated of even date herewith, and issued to finance a rural rental housing facility (the Facility), I/we have examined:

1. The Loan Agreement of _____, herewith between the Borrower and the Government (the Loan Agreement).
2. The Security Agreement of even date herewith between the Borrower and the Government (the Security Agreement).
3. The Financing Statement from Borrower to the Government (the Financing Statement).
4. The [Limited Partnership Agreement and Certificate] [Articles of Incorporation and Bylaws] [Articles of Organization and Operating Agreement] [Trust Agreement] [Partnership Agreement] [Charter, Ordinance, Statute, or other organizing document for public body] of the Borrower.
5. [Real Estate Mortgage or Deed of Trust] between the Borrower and the Government, dated of even date herewith (the Mortgage).
6. The survey plan of the real property as prepared by _____, and dated _____.
7. The fidelity coverage executed by _____ on behalf of the borrower.

8. Such other materials, including relevant provisions of the constitution and the laws of the State of _____ as I/we have deemed pertinent as a basis for rendering the opinions hereinafter set forth.

Based on the foregoing examinations, I am/we are of the opinion and advise you that:

a. The Borrower has been duly organized and it is validly existing under the laws of the State of _____ and has full power and authority to execute and deliver the Note, the Security Agreement, the Loan Agreement, the Financing Statement, and the [Mortgage or Deed of Trust] (hereinafter collectively referred to as the "Loan Instruments"). The Borrower has the power to own, construct, maintain and operate the project as proposed.

b. The Loan Instruments were all duly authorized, executed and delivered, and constitute the valid and legally binding obligations of the Borrower and collectively created a valid first lien upon, or valid first security interest in favor of the Government in, the security covered thereby, and are enforceable in accordance with their terms, except to the extent that the enforceability (but not the validity) thereof may be limited by laws of bankruptcy, insolvency, or other laws affecting creditors' rights, generally. The financing statement has been filed with the _____ Secretary of State to perfect an interest in personal property (and, in applicable, with the recorder of deeds of _____ County, _____ in the real estate records to perfect an interest in fixtures). The deed, [mortgage or deed of trust], and all other documents relating to the real property security interest have been filed with the (insert name of recorder's office here) of _____ County, _____ evidencing the Borrower's ownership of and the Government's security interest in the real property. The instruments were filed at (insert book/page or document number here).

c. The execution and delivery of the Loan Instruments and compliance with the provisions thereof under the circumstances contemplated thereby did not, do not and will not in any material respect conflict with or constitute on the part of the Borrower a breach of or default under any contract or agreement or other instrument to which the Borrower is a party, or any existing law, regulation, court order, or consent decree to which the Borrower is subject.

d. All necessary governmental approvals, including but not limited to zoning, subdivision, and environmental requirements with respect to the acquisition and construction of the Facility, have been obtained.

e. I/We have no knowledge of any defect in the title of the Borrower to the property described in the Loan Instruments.

f. To the best of my/our knowledge, having made due inquiry, there is no action, suit, proceeding or investigation, at law or in equity before or by any court, public board or body, pending or threatened against or affecting the Borrower or the project, wherein an unfavorable decision, ruling or

finding would materially adversely affect the transactions contemplated by or the validity of the Loan Instruments or any related proceedings.

g. The property description as found on the loan instruments corresponds exactly with the description as set forth in the survey.

h. A valid and enforceable fidelity bond naming the United States as co-obligee has been obtained covering all officials entrusted with the receipts, custody and disbursement of the borrower's funds.

i. I/We have carefully reviewed all loan instruments with the borrower and to the best of my/our knowledge the borrower is fully aware of the legal significance of these instruments.

Very truly yours,

A federal agency may not conduct or sponsor, and a person is not required to respond to, nor shall a person be subject to a penalty for failure to comply with a collection of information subject to the requirements of the Paperwork Reduction Act unless that collection of information displays a currently valid OMB Control Number. The OMB Control Number for this information collection is 0575-0189. Public reporting for this collection of information is estimated to be approximately 30 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering, and maintaining the data needed, completing, and reviewing the collection of information. All responses to this collection of information are voluntary. However, in order to obtain or retain a benefit, the information in this form is required under Section 515 Rural Rental Housing, which includes Congregate Housing, Group Homes, and Rural Cooperative Housing. Rural Development has no plans to publish information collected under the provisions of this program. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to: Information Collection Clearance Officer, Rural Development Innovation Center, Regulations Management Division at ICRMRequests@usda.gov